Job Stress and Employee Performance: A Comparative Study of Public and Private Sector Life Insurance Companies

Introduction

Life is a roller coaster ride and is full of twists and turns. Insurance policies are a safeguard against the uncertainties of life. As in all insurance, the insured transfers a risk to the insurer, receiving a policy and paying a premium in exchange. The risk assumed by the insurer is the risk of death of the insured in case of life insurance.

Insurance policies cover the risk of life as well as other assets and valuables such as home, automobiles, jewelry etc. On the basis of the risk they cover, insurance policies can be classified into two categories:

(a) Life Insurance

(b) General Insurance

Job Stress

Stress is a universal element and persons from nearly every walk of life have to face different level of stress. Stress is a normal, adaptive response to stressors in our environment. Our bodies are designed with a set of automatic responses to deal with stress.

Stress at work is usually referred to as psychological injury or illness. Jurisdictions differ in terms of whether they classify stress as an injury or an illness. In Western Australia, stress is generally considered to be a disease**.** Stress can be understood more comprehensively as, it is a condition which happens when one realizes the

pressures on them, or the requirements of a situation, are wider than their recognition that they can handle. If these requirements are huge and continue for a longer period of time without any interval, mental, physical or behavioral problems may occur. Stress has a positive effect on employees of any organization but up to a certain extent up to which an employee can cope with it, mostly it exceeds the bearable limits and has a negative result on employees.

Employee Performance

Employee performance is a rating system used in most corporations to determine the abilities and output of an employee. Performance is divided into five components; Planning, monitoring, developing, rating and rewarding. Most see employee performance as a way to appraise the employee for their effectiveness in the company. It is a system designed on individual performance rather than group performance meaning you are looked at for strength and weaknesses to determine where you might improve.

Relationship between Stress and Employee Performance

Job performance can be viewed as an activity in which an individual is able to accomplish the task assigned to him/her successfully, subject to the normal constraints of reasonable utilization of the available resources.

At a conceptual level, three types of relationships were proposed to exist between the measures of job stress and employee performance. One is a negative linear relationship, when productivity decreases with stress (distress). Productivity can also increase as a consequence of stress, thereby implying a positive linear relationship between the two. Thirdly, there could be a U-shaped or a curvilinear relationship wherein, mild stress could increase the productivity initially up to a

peak and then it declines as the person descends into a state of distress. Alternately, there need not be any quantifiable relationship between the two. When the level of stress increases the quality of employee performance decreases and when the level of stress decreases the quality of employee performance increases.

Life Insurance in its modern form came to India from England in the year 1818. Oriental Life Insurance Company started by Europeans in Calcutta was the first life insurance company on Indian Soil. All the insurance companies established during that period were brought up with the purpose of looking after the needs of European community and Indian natives were not being insured by these companies. Bharat Insurance Company (1896) was also one of such companies inspired by nationalism.

The Insurance Act 1938 was the first legislation governing not only life insurance but also non-life insurance to provide strict state control over insurance business.

The demand for nationalization of life insurance industry was made repeatedly in the past but it gathered momentum in 1944 when a bill to amend the Life Insurance Act 1938 was introduced in the Legislative Assembly. Nationalization was accomplished in two stages; initially the management of the companies was taken over by means of an Ordinance, and later, the ownership too by means of a comprehensive bill.

The Parliament of India passed the Life Insurance Corporation Act on the 19th of June 1956, and the Life Insurance Corporation of India was created on 1st September, 1956, with the objective of spreading life insurance much more widely and in particular to the rural areas with a view to reach all insurable persons in the country, providing them adequate financial cover at a reasonable cost.

Since life insurance contracts are long term contracts and during the currency of the policy, it requires a variety of services, need was felt in the later years to expand the operations and place a branch office at each district headquarter. Re-organization of LIC took place and large numbers of new branch offices were opened. From then to now, LIC has crossed many milestones and has set unprecedented performance records in various aspects of life insurance business. The same motives which inspired our forefathers to bring insurance into existence in this country inspire us at LIC to take this message of protection to light the lamps of security in as many homes as possible and to help the people in providing security to their families.

Review of Literature

Some related studies on the same type of problem have been undertaken in the past which are as follows:

Elizabeth, Murphy, Veronica and Bursnall (2000), in their report titled *"Occupational Stress: Factors that Contribute to its Occurrence and Effective Management",* concluded that managing stress is very complicated or complex phenomenon as different employees have different kinds and level of stress for different reasons. But the organization should be careful from the beginning only and manage the working environment so effectively that the chances are reduced at the initial stage only and management should also monitor time to time the behavior and progress of employees of the organization so that if needed proper stress management remedies can be applied.

Michie S. (2002), in his report titled *"Causes and Management of Stress at work",* concluded that employees are stressed because of personal as well as work problems. To avoid work failure, the prevention and management of workplace stress is very important which requires organizational level interventions, because it is the organization that creates the stress among the employees, so it is the responsibility of the organization to give them training and strength to cope up with the stress in the best possible manner.

Manning and Preston (2003), in their article *titled "Organizational Stress: Focusing on ways to Minimize Distress",* concluded that to manage stress and avoid the situation of distress, some preventive treatments / measures should be taken by organizations. The environment of minimum distress can be achieved through early detection, immediate treatment and ongoing safeguards.

Huang Liang-Chin, Kuo-ten su (2004), in their article titled *"Work Stress and Job Performance in the Hi-Tech Industry",* concluded that stress level is higher for females than for males and even married employees are significantly different from singles with regard to organizational climate as it is difficult for them to keep a proper balance between family commitments and a vocational carrier.

Bickford Melanie (2005),in their report titled *"Stress in the Workplace: A general overview of the Causes, the Effects and the Solutions",* concluded that it is imperative for managers to recognize that they have a legal and moral responsibility to protect the physical and mental well being of their workers so that they can work for the organizational profits. Most importantly the top managers

should educate the employees on the damaging effects of workplace stress and increase awareness of the widespread nature of this problem.

Ingram John S. and Pilla Steven Di, (2007), in their research paper titled "Stress in Workplace", concluded that job stress affects not only the health of the organization but also mental and physical health of the employees in the organization. There is a direct relationship between stress, health and productivity, if any of the component gets disturbed it directly affects the productivity.

Park Jungwee (2007), in his research report titled *"Work Stress and Job Performance",* highlights different stress level for both men and women in the organization. The negative implications of work stress are recognized as a challenge for both employees and workers especially for women who have to work for both organizations as well as for her family and possess high level strain.

Stavroula Leka, Cox Tom, Griffiths Amenda (2007), in their report titled *"Work Organization and Stress",* concluded that managers play an important role in maintaining and avoiding stress problems by conducting proper working environment and it is also very important that the workplace is being continuously monitored for stress problems. It has given a very important statement that work itself can be a promoting activity which reduces stress as long as it takes place in a safe, development and health promoting environment.

Imtiaz Subha and Ahmad Shakil (2009), in their research paper titled *"Impact of Stress on Employee Productivity, Performance and Turnover"*, concluded that in the universe of study, the overall population of doctors is suffering from lack of

span of control over the work environment, low acceptance of the work done, rigid organizational structure, high unpredictability in job pattern, departmental variation, inadequate monetary reward and personal issues are causes of rising stress levels in doctors which ultimately affect their job performance negatively and also result in increasing job turnover.

Bashir Ushman, Ramay Muhammad Ismail (2010), in their article titled *"Impact of Stress on Employees Job Performance – A Study on Banking Sector of Pakistan",* concluded that job stress has a negative relation with job performance that when stress occurs it affects the performance of employees negatively, and when stress is low it increases the performance, so both these are inversely proportional to each other.

Shah, Jaffari, Aziz, Ejaz and Raza (2011), in their article titled *"Workload and Performance of Employees",* which indicates many variables like physical abilities of employees, their qualifications, culture of the organizations, training and experience, reward system, career progression opportunities, co-workers behavior, workload, and structure of organization which all collectively influence the performance of employees.

Masood Rana (2011), in his article titled *"Stress Management: A key to Employee Retention"*, highlights some preventive measures which can be applied to convert the dissatisfied employees into satisfied employees as retaining employee in the organization is a very costly procedure as lot of cost is involved in it.

Dar Laiba, Akmal and Khan Kashif, (2011), in their article titled *"Impact of Stress on Employees Job Performance in Business of Pakistan",* concluded that job stress

had a negative relation with job performance that when stress occurs it effects the performance of employees negatively, that lower the stress it increases the performance so both these are inversely proportional each other. It concluded that to avoid or reduce stress there is a need for organization to redesign jobs and organization policies to give individuals more control over their work activities.

Badar-ul-islam Sana and Munir Kashif (2011), in their report titled *"Impact of Stressors on the Performance of Employees",* focuses on how workplace stressors effect the motivation of an employee and what it overcomes in terms of employee performance. There are so many resources for employees to perform excellent in their jobs but there are also some factors that hinders in their way. This study indicates and highlights the intensity of those factors that are involved to create a stress environment in the organization.

Chandhok Anil and Monga Mansi (2013), in their article titled *"Impact of Job Stress on Employee's Performance of Sales Department: A Comparative Study of LIC and Bajaj Allianz Life Insurance Company Ltd",* this article is an attempt to find out the degree of Stress between the employee's of LIC and the employee's of Bajaj Allianz Life Insurance Company. It also shows the relationship between stress and work performance in these two insurance sectors.

Research Gap

Distinctive studies have been done on stress but no in depth study have been done so far on the stress of the employees in the Public and Private Sector Insurance Company in Rajasthan. The relationship between stress and employee performance has also given less weighted in most of the studies and emphasis on the retention of employees has also not been taken into consideration in majority of the research papers.

Justification and Relevance of the proposed Study

Stress is a universal element in work and all human being have to face stress in all walks of life. Life Insurance Sector is one of the sectors where the employee's monetary benefits are based on their sales targets although reasonable salary is given to them which is fined and not based on target achievements.

There is a big difference in the pattern of working environment, company policies and procedures, organizational structure and culture both in public and private life insurance companies. Due to all these differences public and private company employee possesses different level of stress due to different reasons.

As the workload increases the level of stress also increases among the employees of the life insurance company. It is a sector which has given the message of protection to light the lamps of security in as many homes as possible and to help the people in providing security to their families.

Objectives

1. To determine the level of stress in Public and Private Sector Life Insurance Companies.
2. To identify the components which are responsible for stress in Public and Private Sector Life Insurance Companies.
3. To evaluate the impact of job stress on the performance of employees.
4. To describe the recent practices adopted by these organizations to reduce stress.

Hypotheses

Ho_1: There is no significant difference in the stress level of employees working in Public and Private Life Insurance Company.

Ho_2: There is no significant difference between the impacts of job stress on work performance of employees.

Ho_3: There is no significant relationship between job stress and employee performance.

Variables of Job Stress

In life Insurance business, the employees involved in the selling of life insurance policies may face several stresses due to varied reasons. This can be grouped under two heads:

Independent Variables

1. Superior subordinate relationship
2. Personal grumbles
3. Job-specific factors
4. Work policy of the company and
5. External factors

Dependent Variables

1. Working conditions
2. Work overload
3. Working hours
4. Absenteeism
5. Frequency and intensity of stressful events
6. Job involvement
7. Individual characteristics

Research Design

This research is an exploratory and descriptive research study as it will explain or elaborate the concept of job stress and its impact on employee performance.

Universe

The universe of the study is Rajasthan.

Scope of the Study

The purposed study is confined to only life insurance sector. For that the following life insurance companies have been selected:

- LIC(Public Sector)
- ICICI Life Prudential(Private Sector)

Sample Size

Sample size will be 400.

Insurance Sector	Sample size (in nos.)		
	Total	Top Level Employees	Middle Level Employees
LIC(Public Sector)	200	25	175
ICICI Prudential life Insurance Company (Private Sector)	200	25	175

Sampling Method

In this study stratified random sampling will be used. In stratified random sampling, the strata are formed based on members' shared attributes or characteristics. It involves the division of a population into smaller groups known as strata.

Collection of Data

Primary Data: Primary data is the qualitative or quantitative attributes of a variable or set of variables that is collected by the investigator while conducting the research. In the proposed study primary data will be collected through questionnaires. Two different set of questionnaires will be framed one for top level of employees and another for middle level of employees from the insurance companies mentioned above to collect data.

Secondary Data: Secondary data is the process of reprocessing and reusing collected information. In the proposed study secondary data will be collected from various articles, journals, annual reports and various websites.

Analysis of Data

In the process of analysis, relationships or differences supporting or conflicting with the hypothesis should be subjected to statistical tests of significance to determine with what validity data can be said to indicate any conclusion. The analysis will be supported by various tables and charts. The following tools will be used for analyzing the data:

1. Correlation Analysis
2. Regression Analysis
3. t-test
4. Chi-square
5. ANOVA

Limitations of the Study

Certain factors may influence the reliability and validity of parts of the proposed study. Thus, the proposed study impact of job stress on employee's performance of public and private insurance industry will have the following limitations:

1. For the present study the data will be collected from primary sources. In such a case, the study carries all the limitations inherent with the primary data.
2. The views of the respondents can be biased therefore it may not reflect true picture.

Chapterisation

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